

NEWS

CONGRESSMAN PETE STARK

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CHAIRMAN, WAYS AND MEANS HEALTH SUBCOMMITTEE

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IN CASE YOU MISSED IT: MEDICARE FEE-FOR-SERVICE PROVIDERS RAISE SERIOUS CONCERNS ABOUT MEDICARE ADVANTAGE

WASHINGTON, D.C. -- An array of providers representing hospitals and post-acute providers on Tuesday voiced concerns about the Medicare Advantage (MA) program at a Ways and Means Health Subcommittee hearing. They suggested that:

- The MA benefit package is worse for beneficiaries seeking certain services;
- MA plans do not pass along their overpayments to providers in the form of fair payments; and
- MA payment policies warrant reexamination, given their detrimental impact on Medicare's resources.

In opening the hearing, Chairman Stark stated, "it boggles my mind that the hospital and post-acute providers would stand silently by while we continue to overpay Medicare Advantage plans. We learned from the CMS Chief Actuary a few weeks ago that these overpayments shorten the life of the Part A Trust Fund by two years. While the program is clearly not in crisis, that is two years off of the life of the trust fund where we get the money to pay for inpatient hospital services and most post-acute care."

According to the Congressional Budget Office, equalizing Medicare Advantage payments with fee-for-service, consistent with a recommendation from the Medicare Payment Advisory Commission, would save \$54 billion over five years and \$149 billion over ten years. The CMS Chief Actuary recently announced that the overpayments shorten the life of the Part A Trust Fund by two years and raise premiums for every Medicare beneficiary by \$2 per month.

Reaction to Medicare Advantage from the provider community, including hospitals, skilled nursing facilities, and inpatient rehabilitation facilities was wide-ranging.

Federation of American Hospitals

"As Rick Foster, the CMS Actuary, has pointed out, Medicare Advantage policies currently weaken the Hospital Trust Fund by an additional two years. We believe these policies warrant your reexamination."

"Medicare Advantage payments [to hospitals] are lower than Medicare payments. The issues with Medicare Advantage go to the question of fairness and equality between beneficiaries. We want to... give people the options to have the kind of coverage they had when they were privately employed or before they retired, but we have to examine how much that option is worth in terms of equality between Medicare beneficiaries."

-- *Chip Kahn, President, Federation of American Hospitals*

Association of American Medical Colleges and the Greater New York Hospital Association

"If Congress is seeking savings from the Medicare program, we believe that one source of legitimate savings would be to remove IME payments from the MA [Medicare Advantage] rates, while continuing to make IME payments directly to teaching hospital when they serve MA enrollees."

"It is clear that we get less money from the Medicare Advantage plans than we do from fee-for-service and the obvious question is what's happening for that richer premium that the Medicare Advantage organizations are getting? ...In New York State, it is very clear to us that the advantage plans have much fatter bottom lines disproportionately because of what they get from the Medicare Advantage premiums and it is not translated into reimbursement for hard-pressed teaching hospitals and it is not clear that its turned into improved access or benefits for the covered lives."

--*Stanley Brezenoff, President and Chief Executive Officer, Continuum Partners, on behalf of the Association of American Medical Colleges and the Greater New York Hospital Association*

American Hospital Association

"We hear from our members in three areas around Medicare Advantage. Number one, in the private fee-for-service plans, there is a lot of confusion as to what is covered, what is not covered, what benefits the members have...Another area of significant concern...is our rural members where the Medicare Advantage plans are not paying the critical access hospitals the way the traditional plan is and that causes significant challenges for our members. And the third [is] the payments on indirect medical education [to MA plans]. We think there is a legitimate place to look there [for savings]."

-- *Rich Umbdenstock, President and CEO, American Hospital Association*

American Medicare Rehabilitation Providers

“The financial benefits provided to Medicare Advantage plans have come at the expense of other providers and deplete the Part A Medicare Trust Fund; these inequities should be addressed as the Medicare Payment Advisory Commission suggests, and as the Committee assesses how to proceed.”

“It [MA] is a very different benefit. Patients when they sign up have the notion...that they have the same Medicare benefit...if they are told that we don’t cover inpatient rehab for [a certain case]...that [is] a surprise...Secondly, the plans’ attempt to negotiate a rate that wouldn’t meet the cost is going to create other access problems.

-- Mary Beth Walsh, M.D., Executive Director and CEO, Burke Rehabilitation Hospital, on behalf of the American Medical Rehabilitation Providers Association

American Health Care Association

“[Y]ou get into the question of the number of plans there with different benefit structures with different payment structures and different billing process that makes it extremely confusing patient to patient to patient.

-- Bruce Yarwood, President and CEO, American Health Care Association

National Association of Home Care and Hospice

“Our experience is that the home health benefit under Medicare Advantage is not the same benefit that a Medicare Fee-for-Service patient has.... what happens is the patient [may be] subjected to co-payments that can be as high as 50 percent for an out of network provider and they ration their own care. We also see prior authorization being a significant impact on medical necessity. The doctor is taken out of the picture. The nurse and the physical therapist judgment is taken out of the picture and it is really administered by the dollars and the managed care organization. We see a significantly different Medicare benefit under Medicare Advantage.”

“Home health agencies are already in financial jeopardy as a result of Medicaid cuts and inadequate Medicare Advantage and private payment rates.”

-- Christine Chesny, RN, MHSA, President MidMichigan Visiting Nurse Association, on behalf of the National Association of Home Care & Hospice